

**Testimony
of
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on behalf of the
U.S. Women's Chamber of Commerce**

Before the House Small Business Committee

**Legislation to Reauthorize and Modernize
SBA's Entrepreneurial Development Programs
May 6, 2009**

Chairwoman Velázquez, Ranking Member Graves, Members of the Committee. I am here today on behalf of the U.S. Women's Chamber of Commerce representing our 500,000 members and the millions of American small businesses who are in need of assistance as they seek to grow strong businesses to provide income for themselves, their families and communities. Thank you for providing me the opportunity to comment on the current legislative proposal to strengthen SBA's entrepreneurial development programs.

I had the opportunity to speak before this committee several weeks ago as you began consideration of the SBA Entrepreneurial development programs. And, I am very pleased to see the thoughtful steps you are taking through this legislation to extend the reach and effectiveness of these important programs. Through this legislation the committee has appropriately focused on access to capital and contracts, reaching to those in greatest need of assistance – including the likely migration of dislocated workers to small business startups, and prudently managing the amount and focus of funds committed to each of SBA Entrepreneurial development programs.

In my previous testimony, I provided a number of recommendations including: unifying the entrepreneurial education programs and providing greater coordination between programs, establishing outreach specialists, positioning facilities in areas with least mobility and/or greatest economic need, providing one clear channel for assistance is paramount to the average business owner seeking help, assuring language and cultural needs are addressed, outsourcing the creation of a top-tier e-learning educational system, establishing a method to review the impact of SBA entrepreneurial programs on our communities, looking at the macro view of impact to assure our entrepreneurial development programs are the right size and effectiveness to meet current demands, addressing the revenue disparities for minority-, women-, handicapped-, and veteran-owned firms, and finding ways to expose these emerging small businesses to the

mainstream marketplace instead of segregating them away from businesses with better experience, networks and access to capital.

I offer the following suggestions for the legislation you are considering.

Veterans Business Center Program

We continue to recommend that programs like the Veterans Business Center Program should be housed within Small Business Development Centers so that veterans can have the best exposure to businesses with better experience, networks and access to capital. However we understand that our veterans have some very unique challenges as entrepreneurs and may require special counseling to achieve best results. Additionally, there are clear regional needs that can best be served through placing centers in high-density veteran areas.

We believe the Procurement Assistance grant program duplicates the role of the Procurement Center Representative (PCRs) whose objective is to increase the small business share of Federal procurement awards by initiating small business set-asides, reserving procurements for competition among small business firms; providing small business sources to Federal buying activities; and counseling small firms – and the Procurement Technical Assistance Centers (PTACs) which are administered by the Department of Defense Defense Logistics Agency.

There should be many more PCRs and their roles should be better defined to remove the obligation to counsel small firms so that the PCR may focus more internally to uncover and advocate for opportunities for small businesses. We recommend that PTAC staff should be viewed as part of the broader federal entrepreneurial programs and be employed to provide general contracting education. PTACs could also serve as a bridge between the PCR (working internally within agencies) and the small business owner (seeking opportunity). The PTACs have a well organized training system to prepare their counselors. This system should simply be scaled up to reach more businesses and interface with other federal agencies (like the SBA). Or, at the very least, the new advisors in the Veteran's procurement program should be held to the same standard as the PTAC advisors and be viewed as part of the broader PTAC delivery system.

Educating Entrepreneurs through Technology

We are really pleased to see this committee bringing the SBA into the twenty-first century by establishing a high-quality multilingual distance training and education program. We agree that the SBA should contract with qualified third-party vendors for the development of this program with a mixture of live and archived opportunities. But we caution, in the past, the SBA has used these big outreach programs to secure corporate sponsors who would seek to piggy back on American taxpayer dollars for the purpose of brand marketing through the SBA. We strongly encourage you to prevent this from happening with the e-learning curriculum and delivery platform.

You mention that the content should use broadband as much as possible so that the learning may be distributed through all 50 states, small businesses, home based businesses, Small Business Development Centers, Women's Business Centers, Veterans Business Centers, and SBA District Offices. We recommend that you go further to assure that all of the SBA entrepreneurial centers be setup to allow for small business owners to freely access these materials at computer terminals on site. And, we suggest the SBA explore other government facilities and programs that might provide computer terminals to access the e-learning programs. For example – military bases, veteran's hospitals and therapeutic centers, prisons, high schools, libraries, faith-based facilities and community centers.

We suggest that you consider increasing the budget for this program two-fold as the development and delivery costs may easily exceed the \$2M you recommend for 2010 and 2011. And yet, you have the best opportunity through this program to efficiently and effectively reach a very broad group of individuals in need of quality entrepreneurial training.

We suggest you take advantage of the Internet to gather detailed information on the location of individuals using the online system (home or special facility and IP address), time of day, time spent, number of return visits, and number of classes/modules completed. These metrics can help measure the usage and inform your future decisions regarding the e-learning platform.

Enhancing Native American Entrepreneurship

We applaud the creation of the Office of Native American Affairs within the SBA and the Tribal Business Information Centers (TBIC). We think this platform will provide great impact on our tribal communities. We hope you also see the TBICs as a great opportunity to bring e-learning to tribal communities – and understand that the e-learning programs will need special content that address cultural differences among our entrepreneurs.

We hope you will provide the resources and support necessary to the Office of Native American Affairs to help them bring to you recommendations of how Congress might bridge some of the unique legal and financial hurdles that exist for tribal entrepreneurs – and then communicate solutions through the TBICs.

We applaud the links you are building between the Small Business Development Centers and the tribal areas, Alaska Natives, and Native Hawaiians. However, we would suggest that a clear relationship be defined between the Small Business Development Centers and the Tribal Business Information Centers so that we continue to connect our entrepreneurial development programs.

Broadening the Women's Business Center Program

We support the continued efforts of this committee to assure the Women's Business Centers become self-sustaining and serve socially and economically disadvantaged women. However,

we caution that the funding model for the Women's Business Centers makes them very vulnerable to corporate sponsorship that leverages our tax payer supported structures as a way to reach women with their marketing messages. We continue to believe that women business owners would be best served through folding women's business centers into SBDC's and simply establishing women's outreach and support specialists. We applaud the emphasis you have placed on outcome-based performance measurements including job creation.

National Women's Business Council

We applaud your specific requests for two studies from the National Women's Business Council and suggest the focus of these studies be more specific. For example, the impact of the 2008-2009 financial markets crisis on women-owned businesses should include recommendations for how the SBA could be of greater assistance to women-owned firms during challenging economic times. And, the use of SBA's programs by women-owned firms should include observations of comparative outcomes between programs. We strongly urge you to focus the activities of this council through your requirements for needed studies that will inform future actions by the Congress to support the growth and success of women-owned firms.

SCORE Program Improvements

We appreciate your efforts to focus the SCORE program, assure that it serves socially- and economically-disadvantaged sectors, provide one-on-one mentoring and counseling, and include a networking program that will help to pull participants into the full industry and/or geographic community.

Expanding Entrepreneurship Act of 2009

We support your efforts in the Expanding Entrepreneurship Act of 2009. This Act sets a course for real progress in focus, regional coordination of programs, and measurement of outcomes. The systemic change that is needed at the SBA will happen through a combination of these measures, a strong executive level champion for progress, and persistent oversight by this committee.

The strong focus on jobs as the primary metric for measuring success is absolutely appropriate. Job creation must be the number one objective of the SBA. All resources and programs must lead to this end. Even the new sole proprietor can be measured as a new American job created and fulfilled. And, if for no other reason, the profound role the SBA can play in job creation in America should compel President Obama to place the SBA Administrator in his Cabinet.

We support your request that each SBA region detail a strategy for job creation and retention. And, we suggest that these objectives be made public along with progress reports.

Coordinating and aligning SBA programs is vitally important. The economic challenges we face mandate that our small business programs are working effectively and efficiently. Coordination and cooperation between programs is essential to achieve best outcomes. Limiting duplication will prevent waste of taxpayer money. We also encourage SBA leadership to make recommendations on effectiveness from a macro view – so that this committee might measure whether or not our commitments to the small business entrepreneurial development programs and the job creation that flows from small business development are the right size to match our economic needs.

We support the development of the online economic development service provider database and suggest the data from this repository could be used to overlay community demographic and financial characteristics to assess the strengths/weaknesses of the reach of the SBA entrepreneurial development programs. Zip code level geographic information should be included in this repository accurately reflecting the reach of each government supported program.

We support the creation of community specialists but believe this role should specifically include both coordination of federal resources and internal/external training on the effective coordination of federal programs to achieve quality financially efficient outcomes. This committee should guard against the creation of yet another federal employee who attends events with a dozen other federal employees so they can say they were represented and coordinated. In many instances, the effective coordination of federal programs through the efforts of a community specialist should mean less federal employees attending a meeting or event while still delivering quality information on how to access regional programs.

Many, many of the statistics reported by our entrepreneurial development programs about business owners served include employees from multiple federal programs appearing at one event handing out materials and getting a copy of the attendee list. The SBA should look at how to use these lists to continue their outreach to the community pulling event attendees in to the appropriate entrepreneurial programs. The SBA needs to learn what all good business owners know --- the list of attendees is just the starting place for their outreach. Add a standard set of queries to the attendee list requesting details of the business owners' needs like access to capital, business planning, and federal contracting. Then use this information to outreach to the business owner and help them find the right resources. A community specialist could take charge of coordinating federal resources and connecting business owners to the resources that are best suited to their needs. Through this action the community specialist would see the system through the eyes of the business owner.

The web-based entrepreneurial development portal is a very important part of the next step for the SBA. The effective communication of resources is vital to seeing a strong return on investment from our taxpayer dollars used to support of SBA entrepreneurial programs. We strongly support empowering visitors to rate and comment upon the usefulness of the materials. And, we suggest you consider requiring opportunities for visitors to comment on the experiences they have had in trying to reach and take advantage of a service provider.

We agree with your provision to prohibit pilot programs.

Modernizing the Small Business Development Center Program

This section takes good action to strengthen the SBDC network. The equal partner relationship with grant recipients is crucial to assuring the cooperative nature of the community academic relationship. Limiting the number of SBDC grantees will continue to bring strength to the SBDC. And we support eliminating women's business centers from the pool of eligible entities for the SBDC program – as they have the ability to secure separate government funding.

We support the Access to Credit and Capital Program. We also suggest the SBDC publish a monthly report of small business lending in the region that includes the top active lenders. The SBA publishes this data – it should be promoted to the community consistently.

Main Street Stabilization Program

Small business help lines will be a tremendous resource to small business owners and can also help individuals from remote regions to get connected to assistance. We suggest the Small Business Help Line team use the web-based entrepreneurial development portal as their primary tool to look-up and communicate resources. This process could help in keeping the data contained in the portal relevant and current. And, allow the help line team to push out follow-up emails to individuals who have called in. The small business help line should include multi-language capabilities and email/support desk options.

We suggest you consider a national operation for managing the support line that assures a standard of service and language capabilities combined with the ability to hand off to a local help desk team member when more detailed local information is needed.

We support the prohibition of using funds obtained through the assessment of fees to small business clients as program matching funds.

In closing, we believe this committee is making good progress towards unifying, streamlining, modernizing, and right sizing the SBA entrepreneurial development programs. America needs entrepreneurial development programs that match our challenging economic times.

We encourage you to keep the SBA focused on modernizing the delivery of information through the use of the Internet and e-learning platforms, leveraging the Internet to reach more widely, bringing greater coordination between the entrepreneurial development programs, and removing duplication of services.

Thank you.